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09/891,978	06/26/2001	Michael Roscoe	Hartford-4	1047

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EXAMINER	
CHENCINSKI, SIEGFRIED E	
ART UNIT	PAPER NUMBER
3695	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	09/891,978	ROSCOE ET AL.	
	Examiner	Art Unit	
	SIEGFRIED E. CHENCINSKI	3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *26 November 2008*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *31-36* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *31-36* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date. _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

1. Claims 31-34 are rejected under 35 U.S.C. 103(a) as being unpatentable over Koppes et al. (US Patent 5,926,792, hereafter Koppes) in view of Champion et al. (US Patent 5,126,936, hereafter Champion), Parsons (US Patent 6,411,939 B1) and Sperandeo (US Patent 6,922,677 B1).

Re. claim 31, Koppes discloses a method and system to track, reconcile and administer the values of life insurance policies in separate accounts. Targeted funds are translated into unit values on a daily basis for each fund. Additionally, the system tracks restrictions (e.g. timing, account reallocations) on a premium by premium basis, and tracks the book value, market value, duration and targeted return on a client-by-client basis (Abstract). Koppes further discloses the periodic determining a net asset value of said insurance units at a known time based on a performance return of each of said investment instruments (daily – Col. 5, ll. 1-11, 39, 53; Fig. 2A(34)-net asset values), the related changes in value (Fig. 5, balance difference based on investment data), the imposing of administrative fees for each premium paid in (Col. 4, ll. 66-67), the charging of performance fees on asset performance (Col. 1, l. 57), and the determining of net asset values for each investment instrument and the adjusting of the current number of insurance units at a selected date (daily – Col. 5, ll. 39, 53). The automated steps in Koppes are controlled by a computer processor (Col. 6, ll. 44-62).

Koppes does not explicitly disclose

- the imposing of one time administrative fees deducted from premiums as they are paid in prior to investment.

- the charging of a performance fee as a percentage of said change in value of each of said investment instruments if said change in investment value is positive, and wherein said performance fee is zero if said change in investment value is negative, and wherein said net asset value of said insurance units is determined independent of said performance fee.

However, Parsons discloses the charging of administrative fees assessed to investor participants prior and being deducted prior to the investment of funds (Col. 46, ll. 31-43; Col. 60, ll. 57-62).

Further, Champion discloses the charging of performance fees contingent on financial asset value performance over set periods of time (Col. 11, ll. 26-27).

Also, Sperandeo discloses performance fees on a percentage basis based on a hurdle rate. it would be obvious to an ordinary practitioner that such a hurdle rate could be zero or better. It also would have been obvious to the ordinary practitioner that no performance fee would be paid if the performance was at zero or negative. It would also have been obvious common sense that the net asset value of said insurance units is determined independent of said performance fee since the net asset value needed to determine a performance fee would have to be calculated prior to the determination of a performance fee, thus being an independent calculation from the performance fee.

Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have found it obvious to combine the disclosures of Koppes, Champion, Parsons and Sperandeo in order to construct a method for determining life insurance policy values, motivated by a desire to provide methods and systems capable of tracking and reporting assets and liabilities on a near real-time basis, making administration simple, keeping costs low, and providing timely information to plan participants and sponsors (Koppes, Col. 4, ll. 18-24, 28-30 & 31-32).

Re. claim 32, Koppes discloses a method wherein said performance fee includes a fee for investment management and performance. (See the rejection of claim 31).

Re. claim 33, Koppes discloses the use of policy anniversary dates for triggering a particular event (Col. 6, l. 30; Col. 14, l. 23). It would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have used an anniversary

date as a selected date for determining life insurance policy value.

Re. claim 34, the disclosures by Koppes, Champion, Parsons and Sperandeo regarding the determining of life insurance policy values are stated in the rejection of independent claim 31 above.

Koppes discloses a method for determining a life insurance policy value comprising the steps of:

(a) calculating by the processor a gross net asset value of an insurance unit based on gross investment performance based on based on investment data stored in the memory (Col. 5, ll. 1-11, 39, 53; Fig. 2A; processor – Col. 6, ll. 44-62);

(b) deducting by the processor an investment expense from the gross net asset value to obtain a final net asset value of the insurance unit (Col. 5, ll. 1-11, 39, 53; Fig. 2A);

(c) calculating by the processor a cost of insurance (Col. 5, ll. 12-32);

(d) calculating by the processor a number of insurance units for the cost of insurance charge (Col. 5, ll. 12-32);

(e) calculating by the processor an investment gain or loss by subtracting the cost of insurance charge from gross investment earnings (Col. 5, ll. 12-32); netting out the cost of insurance (liabilities) from the gross and net assets (Col. 5, ll. 1-54).

Koppes does not explicitly disclose the details of

(c) calculating a cost of insurance

(e) "if the investment gain is positive then calculating an incurred performance fee; otherwise setting the performance fee to zero".

However, please see the rejection of claim 31 for the calculating of a performance fee if the investment gain is positive then calculating an incurred performance fee; otherwise setting the performance fee to zero.

Parsons also discloses calculating the cost of insurance (Col. 8, ll. 46-49, Fig. 36).

It would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have deduced from the Koppes teaching the method for determining a life insurance policy value comprising the steps of: (a) calculating a gross net asset value; (b) deducting an investment expense; (c) calculating a cost of insurance: (d) calculating a number of units for the cost of insurance charge; (e)

calculating an investment gain or loss; and if the investment gain is positive then calculate an incurred performance fee otherwise set the performance fee to a fixed value. Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have found it obvious to combine the disclosures of Koppes, Champion, Parsons and Sperandeo in order to construct a method for determining life insurance policy values, motivated by a desire to provide methods and systems capable of tracking and reporting assets and liabilities on a near real-time basis, making administration simple, keeping costs low, and providing timely information to plan participants and sponsors (Koppes, Col. 4, ll. 18-24, 28-30 & 31-32).

2. Claims 31-34 are rejected under 35 U.S.C. 103(a) as being unpatentable over Koppes in view of Champion, Parsons and Sperandeo as applied to claim 34 above, and further in view of Lloyd (US Patent 4,876,648).

Re. claim 35, none of Koppes, Champion, Parsons or Sperandeo explicitly disclose setting a surrender charge equal to the incurred performance fee. However Lloyd discloses setting surrender charges. It would have been obvious to the ordinary practitioner to set a surrender charge equal to the incurred performance fee since this would merely collecting was has been earned up to the point of surrender.

Re. claim 36, none of Koppes, Champion, Parsons, Sperandeo or Lloyd explicitly disclose if the date is a policy anniversary, determining a number of insurance units equal to the incurred performance fee, deducting the determined number of insurance units from a total number of units, and resetting the surrender charge to zero. However, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious that such an option is equivalent to charging a performance fee and thus would have been an equivalent option if within the terms of the insurance contract. Said another way, since the performance fee has already been deducted from the assets at each anniversary there is no performance fee remaining to be charged.

Therefore, re. Claims 35 and 36, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Koppes, Champion, Parsons, Sperandeo and Lloyd and what the practitioner would

have seen as obvious for the purpose of determining a life insurance policy value, motivated by a desire to provide methods and systems capable of tracking and reporting assets and liabilities on a near real-time basis, making administration simple, keeping costs low, and providing timely information to plan participants and sponsors (Koppes, Col. 4, ll. 18-24, 28-30 & 31-32).

Response to Arguments

3. Applicant's arguments filed November 26, 2008 with respect to claims 31-36 have been considered but they are not persuasive.

ARGUMENT: **Re. Claims 31-34**, "…the Examiner has failed to provide a proper *prima facie* case of obviousness. The combination proposed by the Examiner both fails to teach each of the features of at least amended independent claims 31 and 34, and the Examiner further fails to provide a teaching, suggestion or motivation in the art to combine the references, or to set forth articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." (p. 4, l. 24 – p. 5, l. 5).

RESPONSE:

1) THE MATTER OF LAW:

(a) A PRIMA FACIE CASE OF OBVIOUSNESS, … ARTICULATED REASONING WITH SOME RATIONAL UNDERPINNING TO SUPPORT THE LEAGL CONCULSION OF OBVIOUSNESS

Taken from the supreme Court's KSR decision, April 2007

The Court noted that "[t]o facilitate review, this analysis should be made explicit. *Id.* (citing *In re Kahn,* 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006)) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness"). However, "the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." *Id.* at 1741, 82 USPQ2d at 1396.

(b) TEACHING, SUGGESTION OR MOTIVATION IN THE ART TO COMBINE REFERENCES

'references are evaluated by what they suggest to one versed in the art, rather than by their specific disclosures'. ***In re Bozek***, 163 USPQ 545 9ccpa) 1969'. '… references cannot be arbitrarily combined and that there must be some reason why one skilled in the art would be motivated to make the proposed combination of primary and secondary references'. ***In re Nomiya***, 509 F.2d 566, 184 USPQ 607, (CCPA 1975). and 'there is no requirement that a motivation to make the modification be expressly articulated. The test for combining references is what the combination of disclosures taken as a whole would suggest to one of ordinary skill in the art'. ***In re McLaughlin*** 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971).

2) IN THE INSTANT CASE re. the rejections of claims 31-34:

(a) The problem associated with the mixing of investment and insurance accounting systems (p. 5, ll. 6 - p. 6, l. 16) – a solution of this mixed accounting problem is not claimed.

(b) Re. Claim 31: " … the prior art fails to teach or render obvious at least:

determining by the processor a net asset value of said insurance units at periodic intervals based on a change in value of each of said investment instruments; and

adjusting by the processor, at a selected date, said current number of said insurance units by a number of insurance units corresponding to the change in value of each of said investment instruments, the change in value being based on investment data stored in the memory, reduced by a corresponding performance fee, wherein said performance fee is determined by the processor to be a percentage of said change in value of each of said investment instruments if said change in value is positive, and wherein said performance fee is determined by the processor to be zero if said change in value is negative, and wherein said net asset value of said insurance units is determined independent of said performance fee. " (p. 7, l. 20 – p. 8, l. 2).

This is an argument that the references do not teach the precise language of the claim. This is not required for a prima facie case of obviousness rejection, since is more related to an anticipation rejection which is not involved in these rejections.

(c) Re. Claim 31: Koppes does not teach a performance fee based on asset performance and thus is clear error (p. 8, ll. 10-24).

The citation in Col. 1, l. 57 is clearly a performance fee based on asset performance since it is a fixed percentage of an investment such as the “Standard & Poor’s 500”. An ordinary practitioner of the art would have found it obvious that this citation teaches a fee based on performance of an invested asset. It is clear English language. Applicant has failed to demonstrate with a combination of evidence and rationale that the examiner's determination is seriously in question, as required by the rules of traversal (MPEP 714.02; 37 CFR 1.111(b)).

(d) Re. Claim 31: “The Examiner's assertion that Koppes teaches the determining of net asset
values for each investment instrument and the adjusting of the current number of insurance units at a selected date, referencing col. 5, lines 39 and 53, is clear error.”(p. 8, l. 25 – p. 9, l. 5).

These teachings in Koppes have wide applicability and are not tied to the various details in Koppes’ invention(s). an ordinary practitioner would have been able to use them wherever they would solve a problem. The combination of Col. 1-11 and lines 39 and 53 and fig. 2A(34) clearly teach or suggest determining of net asset values for an investment instrument and the adjusting of the current number of insurance units at a selected date Applicant has omitted the whole citation by the examiner and the wider context in Koppes teachings. Further, Applicant has failed to meet the rules of a valid traversal by not establishing a serious doubt about examiner's determination.

(e) Re. Claim 31: “The Examiner's assertion that Champion discloses the charging of performance fees contingent on financial asset value performance over set periods of time, referencing col. 11, lines 26-27, represents clear error. ” ().

This Champion citation reads: "This fee may be contingent on net asset value for a set period or determined on some other basis …". The ordinary practitioner of the art would have seen this citation as a teaching and/or suggestion for the application of performance fees to be assessed for the investment performance of financial assets in a wide variety of circumstances within the description of In re Kahn cited above by the US Supreme Court in KSR. Applicant has failed to meet the traversal bar for putting the examiner's determination into serious question with a combination of evidence and rationale.

(f) Re. Claim 31: " The Examiner's argument that it would have been "obvious common sense that the net asset value of said insurance units is determined independent of said performance fee since the net asset value needed to determine a performance fee would have to be calculated prior to the determination of a performance fee, thus being an independent calculation from the performance fee" applies an incorrect legal standard and misinterprets the language of claim 31. The standard for obviousness is not "obvious common sense." " (p. 9, l. 20 – p. 10, l. 2).

The US Supreme Court in its KSR decision ruled that common sense is a valid form of rejection in a proper *prima facie* case of obviousness. (Indeed, the common sense of those skilled in the art demonstrates why some combinations would have been obvious where others would not." *Id.* at 1161, 82 USPQ2d at 1687 (citing *KSR*, 127 S.Ct. 1727, 1739, 82 USPQ2d 1385, 1395 (2007)). (Underlining added).

(g) Re. Claim 31: "Furthermore, the Examiner's apparent assertion that the limitation "wherein said net asset value of said insurance units is determined independent of said performance fee" can be interpreted to mean that a net asset value is first determined independent of the performance fee, and then determined based on the performance fee, completely ignores the limitation. Under the Examiner's interpretation, the limitation "independent of the performance fee" would apparently read on a calculation so long as at least one step in the calculation did *not* employ the performance fee. This interpretation of the claim language is simply incorrect and represents clear error." (p. 10, ll. 3-10).

By simply asserting that the "interpretation of the claim language is simply incorrect and represents clear error" Applicant has failed to meet the traversal bar for putting the examiner's determination into serious question with a combination of evidence and rationale.

(h) Re. Claim 31: "Furthermore, the Examiner's asserted motivations, namely "a desire to provide methods and systems capable of tracking and reporting assets and liabilities on a near real-time basis, making administration simple, keeping costs low, and providing timely information to plan participants and sponsors" appears to be a mere laundry list of desirable results, with no articulated connection to the claim limitations, and no explanation as to how one of ordinary skill in the art, so motivated, would combine the references to obtain the limitations of claim 31."(p. 10, ll. 11-17).
By asserting that the examiner's rationale "appears to be a mere laundry list of desirable results, with no articulated connection to the claim limitations, and no explanation as to how one of ordinary skill in the art, so motivated, would combine the references to obtain the limitations of claim 31" Applicant has failed to meet the traversal bar for putting the examiner's determination into serious question with a combination of evidence and rationale.

Re. Claim 34:

(i) Applicant's argument refers generally to his attempted traversals of the rejection of claim 31 (p. 12, l. 10). Applicant similarly fails to meet the bar of properly traversing the examiner's combinations of evidence and rationale by failing to present proper evidence and rationale to put the examiner's *prima facie* case of obviousness into serious question.

(j) Applicant argues requests clarification for the examiner having put the word liabilities in parentheses (p. 12, ll. 11-29).
As already cited in the rejection of claim 31 and 34, Koppes teaches the subtraction costs. The subtraction of costs would not only have been obvious to the ordinary practitioner but also is taught by Koppes (col. 1, ll. 14; Col. 3, ll. 2-3). Koppes also discloses the use of insurance and its costs or fees (Col. 3, ll. 5-8).
The liabilities word in parentheses was done because the reference mentions liabilities (e.g. lines 12 & 14). Further, the examiner was suggesting that a cost is a liability in a general sense in business.

(k) "The Examiner then states, without providing a teaching, suggestion or motivation, or articulated reasoning with some rational underpinning to support the legal

conclusion of obviousness, that it would have obvious to an ordinary practitioner of the art at the time of Applicant's invention to have deduced from the Koppes teaching the method for determining a life insurance policy value comprising the steps of: (a) calculating the gross net asset value; (b) deducting an investment expense; (c) calculating a cost of insurance; (d) calculating a number of units for the cost of insurance charge; (e) calculating an investment gain or loss; and if the investment gain is positive then calculate an incurred performance fee otherwise set the performance fee to a fixed value. This conclusory statement is not sufficient to provide a prima facie case of obviousness. Furthermore, the Examiner is not applying the correct standard by stating that it would be obvious for one of ordinary skill to deduce the claimed invention.

Furthermore, the above statement implies that only Koppes is being asserted, thus rendering it unclear whether and for what teaching or motivation the Examiner relies on the Champion, Parsons and Sperandeo references.

The Examiner's asserted motivation, as with the rejection of claim 31 above, is a mere laundry list of desirable objectives, with no articulated reasoning as to why one of ordinary skill in the art, motivated by one or more of the desirable objectives, would find it obvious to modify the references to obtain the claimed invention." (p. 13, ll. 1-19).

Applicant's argument ignores the actual basis of the rejection of claim 34 by ignoring the numerous prior art citations in the rejection and by ignoring the reference to the rejection evidence and rationale of claim 31.Further, please see above regarding court rulings for a proper motivation for a proper prima facie case of obviousness. As such, Applicant's argument does not meet the standard for a proper traversal as cited above.

Conclusion

4. THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is (571)272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Charles Kyle, can be reached on (571) 272-6746.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks, Washington D.C. 20231

or faxed to:

(571)273-8300 [Official communications; including After Final communications labeled "Box AF"]

(571) 273-6793 [Informal/Draft communications, labeled "PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to the address found on the above USPTO web site in Alexandria, VA.

SEC

February 16, 2009

/Narayanswamy Subramanian/
Primary Examiner, Art Unit 3695